



DEPARTMENT OF MANAGEMENT
SERVICES

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

JAN 26 1998

LAWTON CHILES, GOVERNOR

WILLIAM H. LINDNER, SECRETARY

Information Technology Program
Building 4030, Suite 180L

January 26, 1998

Honorable Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, D.C. 20554

Post-It® Fax Note	7671	Date	1-26-98	# of pages	4
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RE: CC Docket 96-45 - Comments on Universal Service (Report to Congress)
In Response to Public Notice DA 98-63 Issued January 14, 1998

Dear Secretary Salas:

As a member and active participant in the NASTD organization, the Florida Department of Management Services (DMS) fully supports the comments filed by the National Association of State Telecommunications Directors in the above referenced proceeding.

Chapter 282, Florida Statutes, assigns DMS responsibility for developing and maintaining the SUNCOM Network as the state communications system. SUNCOM has existed under Florida law since 1975. SUNCOM provides local and long distance service to state agencies (including universities, community colleges, and libraries), political subdivisions of the state (including counties and school districts), municipalities, and certain nonprofit corporations (including private universities and health care providers). By statute the SUNCOM Network is designed to transmit all types of communications signals, including voice, data, video, image, and radio.

Chapter 287, Florida Statutes, requires DMS to competitively procure all services offered by the SUNCOM Network. Ninety-nine percent of the services offered by the SUNCOM

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Honorable Magalie Roman Salas

January 26, 1998

Page 2

Network are leased from the telecommunications industry in Florida. The SUNCOM services include the following:

- Long Distance Telephone Service
- Local Telephone Service
- Florida Information Transport & Exchange System (FLITES)
 - Dedicated Data Service
 - SNA Transport Service
 - Capitol Center FDDI Service
 - Internet Access
 - Router Transport Service
 - Frame Relay Transport Service
- Florida Government Teleconferencing Network

The aggregated rates of SUNCOM include the service and overhead costs incurred in providing SUNCOM services to comply with Florida law that requires a system of equitable billing and charges. The statutes mandate that the SUNCOM Network be totally funded by fees charged to its users, which include schools, libraries, and rural healthcare providers eligible for discounts from the Universal Service Fund (USF).

In addition, the 1995 Florida Education Facilities Infrastructure Improvement (EFII) Act (Chapter 364, Part II, F.S.) charged DMS with the responsibility of providing Florida citizens with better access to education and health services through Advanced Telecommunications Services (ATS) for eligible schools, libraries, and rural health care providers. As a service agency, DMS is an aggregator of Advanced Telecommunications Services competitively procured for eligible facilities throughout Florida under the SUNCOM portfolio of services. In Florida 5,500 eligible facilities filed technology plans with the state agency responsible for review, and those plans were approved in compliance with the 1995 Florida EFII Act.

Recently, the FCC's Fourth Order on Reconsideration, issued on December 30, 1997, raised significant concerns for Florida DMS. Previously, DMS requested clarification on whether this department could act as agent for schools, libraries, and rural health care providers in Florida to directly obtain reimbursement from the USF for SUNCOM telecommunication services offered to the eligible entities at SUNCOM published prices. As explained above and in our past filings (see attachments), SUNCOM is required by state law to recover its costs through rates charged to the whole body of users, including state agencies, universities, community colleges, and local governments that are ineligible for the USF.

Honorable Magalie Roman Salas

January 26, 1998

Page 3

Although the recent FCC order clarifies that state telecommunications networks may act as consortium agents in the USF application process, it precludes state networks from filing directly to the USF since "state telecommunications networks do not meet the definition of telecommunications carrier."

This inability to file directly to the USF has created two problems for DMS in providing USF qualified services to Florida's eligible schools, libraries, and rural health care providers. By not directly filing for reimbursement to the USF and merely passing through USF discounts to the eligible entities, DMS has no mechanism to recover its administrative overhead for state services utilized by USF eligible facilities, as required by Florida law.

Secondly, the administrative detail of matching the appropriate USF discount percentage to the individual eligible entity becomes overly burdensome to our billing process. It would require the identification of each individual cost related to all the specific services for every eligible entity and the transfer of that information to the vendors involved in supplying each aspect of every utilized service.

In contrast, if the DMS network were allowed to apply directly to the USF, the administrative requirement would be a simple modification of our billing process to apply the appropriate USF discount percentage to the total telecommunications account for eligible services subscribed to by each individual eligible entity.

The FCC Order unfairly minimizes the additional cost that will result to the DMS network from "passing through" USF discounts. It is clear the FCC order fails to anticipate the intricacies involved for the DMS network in piecing together telecommunications services to obtain the lowest price for our users. Many of the DMS services are broken out into multiple parts that are bid separately and therefore involve several different vendors for one service. Without the ability to seek direct reimbursement, this fragmentation of services among multiple vendors creates a difficult situation for DMS in our role of supporting Florida's eligible schools, libraries, and rural health care providers as benefactors of the USF.

It should be pointed out that the administrative task of merely separating eligible users from ineligible users is a simple task in comparison to the task of matching services (or portions of services) and multiple vendors to the eligible user. The process of separating eligible from ineligible entities does not present a problem for DMS.

Honorable Magalie Roman Salas

January 26, 1998

Page 4

To summarize, DMS works to provide all our users the best price possible for every service offered based on the State's competitive bidding process, the network's aggregated volume, the utilization of multiple vendors, and a minimal amount included for DMS operational costs. Although the FCC recognizes the value that state telecommunications networks have to offer the USF eligible entities, it appears to fail to appreciate the complexities involved in providing multiple services to multiple users statewide through the use of many qualified vendors in the most cost effective manner.

To provide a fair assessment of where state telecommunications networks fit into the USF applications process, it is important to focus more clearly on how state telecommunications networks assemble their services and structure their rates to cover operational costs, in addition to focusing on the complexities of the billing process.

In closing, DMS requests the FCC to readdress the issue of state telecommunications network operations through further clarification and direct more attention to the administrative complications that exist for many state networks in providing USF application support to benefit the eligible schools and libraries. In summary, DMS is seeking a remedy to the problems that have been created through denial of the ability to directly apply to the USF for reimbursement to obtain discounts for telecommunication services offered to eligible schools, libraries, and rural health care providers.

Sincerely,



Linda L. Nelson, Director
Information Technology Program

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Enclosures